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# VETERANS FARM AND HOME BONDS

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# Part I—Arguments

**VETERANS FARM AND HOME BONDS. Assembly Constitutional Amendment No. 4.** Authorizes issue and sale of four hundred million dollars (\$400,000,000) in state bonds to provide funds to be used by State Department of Veterans Affairs in accordance with Veterans' Farm and Home Purchase Act of 1943 in assisting California war veterans to acquire farms and homes. Brings into operation and validates Veterans Bond Act of 1960, governing issue, sale and redemption of such bonds.

YES

NO

(For Full Text of Measure, See Page 1, Part II)

## Analysis by the Legislative Counsel \*

This measure would add Section 21 to Article XVI of the Constitution. It approves and makes effective the issuance and sale of state bonds not exceeding the sum of \$400,000,000 and the use of the proceeds, as provided by the Veterans Bond Act of 1960 (Secs. 996.75-996.84, inclusive, Military and Veterans Code), to provide a fund to be used for farm and home purchase aid pursuant to the Veterans' Farm and Home Purchase Act of 1943 (Secs. 984-987.15, inclusive, Military and Veterans Code).

The Veterans Bond Act of 1960 provides that the bonds are to be general obligations of the State for the payment of which the full faith and credit of the State is pledged, and approved from the General Fund the sum necessary to make the payments of principal and interest on the bonds as they become due.

Money received as payments of principal and interest under contracts for the purchase or construction of farms and homes by veterans under the Veterans' Farm and Home Purchase Act of 1943 is deposited in a special fund known as the Veterans' Farm and Home Building Fund of 1943. The bond act requires that, on the due dates for payments of the principal and interest on the bonds, there be transferred to the General Fund from this special fund the amount necessary to make the payments of principal and interest. If the amount in the special fund is less than the amount of the payments then due, the balance must be transferred to the General Fund as soon as it becomes available, with interest from such dates of maturity at the same rate as is borne by the bonds, compounded semi-annually.

The amounts of the bonds to be issued from time to time, the interest rate thereon up to 5 percent per annum, and their maturity dates are to be determined by the Veterans' Finance Committee of 1943, which consists of the Governor, State Treasurer, State Controller, Direc-

\* Section 1509.7 of the Elections Code requires the Legislative Counsel to prepare an impartial analysis of measures appearing on the ballot

tor of Finance, and Chairman of the Veterans Welfare Board.

## ARGUMENT IN FAVOR OF VETERANS BOND ACT OF 1960

Five hundred twenty-five thousand Californians who served in the armed services of our country during the wartime have proven eligibility for state farm and home loans, but state funds previously authorized are about used up.

With 11 previous bond issues voted, the people of California have overwhelmingly approved the Farm and Home Loan System first set up in 1921 by the Legislature. The veterans have been so prompt and faithful in meeting their repayment installments that maturing bonds have been paid without any expenditure of taxpayers' funds.

Indeed, so prudent has been the State's management, that a reserve of several million dollars has been saved to be available to meet any unexpected contingency. Housing is a serious problem in California. This bond issue is the most effective means at our command to give war veterans an opportunity to own a home or farm of their own in any place that they may live in California. Therefore, the Legislature has asked the people of California to authorize \$400,000,000 more in bonds.

While the federal government provides loans through the G.I. Bill of Rights, it does not fill the whole need. The advantage of the state loan is that it can be spread over a long period of years and it needs no other financing. It supplements, but does not compete with the federal program.

The bonds will provide funds for Cal-Vet loans to those veterans who are not now purchasing homes and farms.

Numbers of veterans of the desperate fighting in Korea are also eligible for home loans. Vote yes, and help them acquire their own homes or farms in the country they protected.

The Director of the Department states, "The voters may be assured that it is the intent of the Department of Veterans Affairs to continue to administer this program on a sound business basis without support from taxes, to the end that maximum benefits may accrue to the veterans of California as well as to the Commonwealth."

Without approval of these bonds many thousands of veteran families will be denied the

opportunity to secure a suitable home of their own now, homes for which they are willing to pay on the installment plan.

For 39 years the veterans have repaid these bonds without cost to the State. Vote yes.

MYRON H. FREW  
Assemblyman for 35th District

NELSON S. DILWORTH  
Senator for Riverside County

FRED S. FARR  
Senator for Monterey County

# **ARGUMENT IN OPPOSITION TO THE ISSUANCE OF \$400,000,000 IN CALIFORNIA VETERANS FARM AND HOME LOAN BONDS**

The Property Owners Tax Association of California urges a NO vote on this proposal to issue the huge amount of \$400,000,000 in additional state general obligation bonds for home and farm purchase loans to veterans. Unless defeated, this proposal would bring to \$1,835,000,000 the total amount of bonds authorized for this one purpose.

Experts are agreed, based on 1958 estimates of the State's own Department of Veterans' Affairs, that this contingent public debt upon all taxpayers can pyramid in the future to the fantastic sum of \$3,935,000,000—nearly four billion dollars—unless a halt is demanded by voters, and that if any severe economic distress conditions were to arise, critical financial difficulties would at once confront the entire State because of veterans' inability to repay loans through no fault of their own.

Although it is stated that the general taxpayers have not been required to contribute anything directly to the cost of interest and retirement of these bonds, with the very nominal 4 percent interest now charged veterans for their loans, the credit of the entire State is always pledged for their support should any deficiency occur.

In 1956, the Legislature again increased loan limits, already generous, to \$15,000 for home purchases and \$40,000 for farms, even though experts of the State's own Department of Veterans' Affairs then tried to restrain such:

Bond marketing experts concur that misuse of the State's credit for this one purpose—already exceeding a billion dollars—is costing the taxpayer higher interest on all other bonds issued by the State of California, counties, cities and other public agencies. More than half of all outstanding state general obligation bonds now are veterans farm and home loan bonds.

Out of California's 15,000,000 population, about 105,000 veterans are now the beneficiaries of more than \$1,000,000,000 in these special privilege bonds already outstanding against the bonding credit capacity of the entire State.

For virtually every one of these bond-financed loans granted to veterans, an additional hidden but heavy cost to taxpayers is created because nearly all such veterans' properties are exempted from tax levy on the first \$1,000 of their assessed valuation. In most counties this now amounts to a shift of about \$80 every year for every such parcel on to the tax bill of all other taxpayers. In Los Angeles County alone, veterans now are shifting \$34,000,000 a year on to all taxpayers because of these exemptions. Because of such granted exemption of the first \$1,000 of assessed value of veterans' homes from taxation, all other taxpayers throughout the State are making them an annual—EVERY YEAR—tax gift of more than \$70,000,000.

We are convinced that the best interest of the veterans themselves as well as that of all taxpayers of the State require overwhelming disapproval of this further \$400,000,000 bond issue.

PROPERTY OWNERS TAX ASSOCIATION OF CALIFORNIA, INC.

By PAUL SHEEDY, Executive Vice President

**SCHOOL BONDS. Senate Constitutional Amendment No. 2.** Directs issuance and sale of \$300,000,000 of state bonds to provide loans and grants to school districts for (a) school sites, construction and equipment, and (b) housing and equipment for education of physically handicapped or mentally retarded minors. Requires repayment of advances from the General Fund. Authorizes legislation regulating allocations to school districts, and providing for repayment of allocations by districts. Declares state policy regarding public school sites and buildings.

YES

NO

(For Full Text of Measure, See Page 1, Part II)

## **Analysis by the Legislative Counsel**

This constitutional amendment would add Section 20 to Article 16 of the Constitution, and would authorize a \$300,000,000 bond issue to provide money for two types of loans and grants to school districts.

The first type of loans and grants is for use in purchasing and improving school sites, pur-

chasing furniture and equipment for schools, and planning and constructing, reconstructing, repairing, altering, and making additions to school buildings. The amendment would provide that the Legislature shall require each district receiving a loan or grant of this type to repay to the State the money received under the loan or grant on such terms and in such amounts as may be within the ability of the district.

The second type of loans and grants is assistance in providing necessary housing

# Part II — Appendix

1	<b>VETERANS FARM AND HOME BONDS.</b> Assembly Constitutional Amendment No. 4. Authorizes issue and sale of four hundred million dollars (\$400,000,000) in state bonds to provide funds to be used by State Department of Veterans Affairs in accordance with Veterans Farm and Home Purchase Act of 1943 in assisting California war veterans to acquire farms and homes. Brings into operation and validates Veterans Bond Act of 1960, governing issue, sale and redemption of such bonds.	YES	
		NO	

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

## PROPOSED AMENDMENT TO ARTICLE XVI

Sec. 21. The issuance and sale of bonds of the State of California, not exceeding in the aggregate the sum of four hundred million dollars (\$400,000,000), and the use and disposition of the proceeds of the sale of said bonds, all as provided in the Veterans Bond Act of 1960 (Article 5h of Chapter 6 of Division 4 of the Military and Veterans Code) authorizing the issuance and sale of state bonds in the sum of four hundred mil-

lion dollars (\$400,000,000) for the purpose of providing a fund to be used and disbursed to provide farm and home aid for veterans in accordance with the provisions of the Veterans Farm and Home Purchase Act of 1943, and all acts amendatory and supplemental thereto are hereby authorized and directed and said Veterans Bond Act of 1960 is hereby approved, adopted, legalized, ratified, validated, and made fully and completely effective upon the effective date of this amendment to the Constitution. All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof, but this shall not prevent such legislative action. Nothing in this Constitution contained shall be a limitation upon the provisions of this section.

<b>SCHOOL BONDS.</b> Senate Constitutional Amendment No. 2. Directs issuance and sale of \$300,000,000 of state bonds to provide loans and grants to school districts for (a) school sites, construction and equipment, and (b) housing and equipment for education of physically handicapped or mentally retarded minors. Requires repayment of advances from the General Fund. Authorizes legislation regulating allocations to school districts, and providing for repayment of allocations by districts. Declares state policy regarding public school sites and buildings.	YES	
	NO	

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

## PROPOSED AMENDMENT TO ARTICLE XVI

Sec. 20. Bonds of the State of California shall be prepared, issued, and sold in the amount of three hundred million dollars (\$300,000,000), in such denominations, to be numbered, to bear such dates, and to bear such rate of interest as shall be determined by the Legislature.

The proceeds of such bonds shall be used:

(a) Subject to such legislation as the Legislature may, from time to time, enact, to provide loans and grants to school districts of the State for the purchasing and improving school buildings, the purchasing of furniture and equipment for schools, and the planning, constructing, reconstructing, repairing, altering, and making additions to, school buildings.

(b) Subject to such legislation as the Legislature may, from time to time, enact, to provide loans and grants to school districts for assistance in providing necessary housing

and equipment for the education of physically handicapped minors and mentally retarded minors as those terms are defined in Chapters 8 and 9 of Division 6 of the Education Code.

(c) To pay the expenses that may be incurred in preparing, advertising, issuing, and selling the bonds, and in administering and directing the expenditure of the moneys realized from the sale of such bonds.

(d) To repay, as provided by law, any money appropriated from the General Fund at the 1960 First Extraordinary Session for state school building aid.

The issuance, signing, countersigning, endorsing, and selling of the bonds herein provided for, and the interest coupons thereon, the place and method of payment of principal and interest thereon, the procedure for initiating, advertising and holding sales thereof, and the performance by the several state boards and state officers of their respective duties in connection therewith; and all other provisions, terms, and conditions relating to the bonds, shall be as provided by the Legislature.

The Legislature may appropriate money to be expended in addition to or in lieu of the money received from the sale of the bonds sold under the authority of this section. The